

Chief, St/I/R

11 December 1958

THRU : Chief, D/S
Chief, S/TD

Contributions to OCI Periodic Requirements List for the European Satellites for the period 1 January - 30 April 1959

East Germany

E. Economic

For geographic and/or ethnic reasons, trade (including re-exports) between West Germany and East Germany is a unique problem for Free World security trade controls. Recent reports indicate the possibility of considerable illicit trade between individuals in West German, West Berlin and the East German trading agencies (DIA Complex).

(a) Provide information on the procurement of strategic materials by DIA agencies through Berlin and other West German traders. Are DIA services utilized on behalf of other member countries of the Sino-Soviet Bloc?

(b) Are the supply lines to West Berlin utilized in smuggling strategic materials to the Bloc. (c)

Poland

D. Economic

1. Under the U. S.-Polish Economic Aid Agreement surplus agricultural products are being sent to Poland. Recent unevaluated reports state that considerable quantities of these agricultural surpluses are transhipped to the USSR.

(a) Provide any information confirming or denying the transshipment of these agricultural surpluses to other Bloc countries by Poland. (S)

2. Almost all U. S. exports and strategic exports by other Free World countries to Poland are licensed on the basis of Poland's guarantee that the goods will be used for Polish civilian consumption. An evaluation of Poland's adherence to this guarantee is of current interest in assessing the United States and Free World policy toward Poland.

- 2 -

(a) Provide information that will confirm or deny Poland's adherence to this guarantee. If these goods are being utilized in Poland's military or military industrial economy or transhipped to other Bloc countries provide all possible details of such use. (C)

3. A recent Commerce Department investigation of steel shipments ostensibly destined to Poland indicated that one of the vessels carrying the goods moved directly to the USSR without ever touching Poland. It is not considered likely that the Poles actually arranged the shipment, but Bloc agents may be utilizing the liberalized Free World controls on export to Poland to obtain materials which would otherwise have been denied them.

(a) Provide any evidence that other Bloc countries or East-West traders are using Poland's new status as a "blind" for the acquisition of Free World materials which would otherwise be denied. (C)

Yugoslavia

C. Economic

1. A questionable end-use certificate issued by the Yugoslav Chamber of Commerce resulted in the disclosure of diversions of U. S. borax to the Bloc. After a suspension of borax licensing to Yugoslavia, the United States has recently agreed to resume exports as a result of assurances of tighter controls.

(a) Provide any evidence that strategic materials from Free World sources are being diverted to the Bloc through Yugoslavia or through the use of Yugoslav documentation? (C)

2. The United States is providing aid to Yugoslavia. Under the Mutual Defense Assistance Control Act of 1951 (Battle Act), the export of Title I, Category A materials to the Sino-Soviet Bloc requires automatic termination of such aid. If a country permits the export of Title I, Category B materials to the Sino-Soviet Bloc, the Battle Act requires a Presidential determination as to whether or not aid should be discontinued. There is no evidence that Title I, Category A items have been shipped by Yugoslavia to the Sino-Soviet Bloc. The problem with respect to Title I, Category B items is to determine from broad export statistic groupings what portion, if any, of Yugoslav exports fall under Title I, Category B of the Battle Act. The Yugoslav Government will not voluntarily provide us with this information.

(a) Provide details of any shipments of Battle Act Title I, Category A items from Yugoslavia to Sino-Soviet Bloc.

- 3 -

(b) Provide details of any Battle Act Title I, Category B items shipped from Yugoslavia to the Sino-Soviet Bloc.

(c) Provide information by item on total exports to the Bloc of Title I, Category B materials. It is particularly requested that information on the volume of exports of communication cable (Title I, Category B) to the Bloc be provided since export statistics show cable and wire as the largest export to the Bloc that might fall under Title I, Category B. (S)

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